

**Opening Statement by Ms. Alicia Bárcena  
Executive Secretary of ECLAC  
at the Thirty-Sixth Session of ECLAC  
Mexico, 23 May 2016.**

H. E. Socorro Flores, Undersecretary for LAC in the Secretariat of Foreign Affairs of Mexico,  
Hon. Mark Brantley, Minister of Foreign Affairs and Aviation of St Kitts and Nevis, Chair of the CDCC,  
Hon. Charles Fernandez, Minister of Foreign Affairs, International Trade and Immigration of Antigua and Barbuda,  
Hon. Marlon Penn, Junior Minister for Trade of the British Virgin Islands,  
Mr. Winston Dookeran, Director of Systematic Studies Limited, Trinidad and Tobago  
Distinguished representatives, colleagues and friends,

Welcome to Mexico City! It is wonderful to have you here with us this week for this most important Session of the Commission. In launching our Horizons 2030 Session document, we have brought together the leaders and best thinkers of our region to join us in charting a more relevant path to development; one that is responsive to prevailing global challenges and to the intrinsic needs of the member states of Latin America and the Caribbean. We have made this meeting of the Caribbean delegations at the start of the Session an important opportunity for you to give focus to the particular needs of your subregion.

This third Caribbean consultation takes place at a time of global tectonic shifts. We are now in a multipolar world, and the Small Island Developing States of the Caribbean face increased exposure to external shocks. These bring new challenges. We therefore present our Horizons 2030 session document in the hope that it is found to provide a pathway based on progressive structural change deeply rooted in equality, the necessity of addressing climate change and the opportunities that arise from green investments.

In speaking of challenges being faced by the Caribbean, three issues stand out, given their potential to undermine key areas of regional progress. The first is the emerging problem of

correspondent banking which threatens to cut the region off from trade financing and financial markets in general. The implications for the Caribbean are enormous given its openness and the response based on perceived risks to multinational banks doing business with small states. The second is the huge public debt which has constrained the fiscal space, restricted the capacity of governments to address much needed investment projects and makes it difficult to maintain social protection programs. Thirdly, the new rules aimed at the offshore banking sector threaten the region in its attempt to diversify its services sector. Despite heroic efforts at compliance, financial rule making, crafted elsewhere, continues to show indifference to the plight of small states.

These challenges are reinforced by the collapse of global demand during the global crisis and the recent plunge in fuel and other commodity prices have affected commodity producers.

Related to this is the high level of unemployment in the region, even as employers complain of a shortage of skilled workers in a number of areas. Unemployment remains high, averaging 12% for the countries with data after the crisis. Rates of youth unemployment in particular continue to be alarmingly high, exceeding 25% in some countries. Another concern is the fact that many university graduates now under- employed in relatively low skilled, low paying jobs.

As the subregion grapples with its several challenges, it must of necessity form such political alliances that will increase its political advocacy. These are both domestic and external and this week there is much opportunity for member states to collaborate with Mexico which is an active member of the G20. I am therefore pleased to let you know that the Ministry of Finance of Mexico has invited you all to informal consultations following this meeting, so that you can together explore what opportunities exist for strengthening your advocacy on these critical issues in important global forums.

I would also like to specially welcome Mr. Winston Dookeran, a member of the extended family of ECLAC, who has been actively exploring ideas on how to craft a new dynamic path for Caribbean sustainable development. Using his model of Caribbean convergence as a platform,

he has now extended it to the 'Shifting Frontiers' framework to capture the wider repositioning that is needed to bridge the development gap with more advanced economies. This rethinking could not have come at a better time for the Caribbean subregion.

Today I commend to you the 'shifting frontiers' publication as a seminal document that can help chart a path to sustainable development in the Caribbean through progressive structural change. The document is a worthy and timely advancement of former Minister Dookeran's thesis on the need for a new regional convergence as outlined in his publication "A New Frontier for Caribbean Convergence".

The new economic model, which must be built on progressive structural change, must focus on leveraging the potential of the wider Caribbean and Latin America. This should be built on two axes- first the integration of resources and institutions across the Caribbean Sea and the unlocking of the creative and innovative potential of Caribbean people to make the best use of these resources to promote sustainable development.

The reformed integration project should focus on strengthened integration of product and factor markets across the region. This should include production integration to create networks of production based on the competitive advantage of individual member states. An obvious example is the movement of financial capital to countries such as Belize and Guyana with more extensive land resources to develop competitive agricultural produce.

The building of a regional financial architecture to respond to the threat presented by the correspondent banking is also urgent. The convergence framework is aimed at moving the entire Caribbean region towards a higher, more stable growth and sustainable development plane by buttressing the integration of trade and markets with production integration, improved distribution and restructuring to build enduring competitiveness of sectors and activities. This should be embedded in a new logic of economics and politics.

The new economic model should be focused on achieving sustained decent growth rates, good quality jobs and in a framework that protects the environment. This demands a synergistic combination of crucial factors. First, there is production integration based on information and access. Second, this should be complemented by the integration of public infrastructure, especially transport and logistics and telecommunications to reduce transport time and costs and to improve the overall ease of doing business in the subregion. Indeed, the World Bank has estimated that logistics costs in the subregion are between 16 to 26% of GDP, which is well above the OECD benchmark of 9% of GDP. This puts the subregion at an important disadvantage relative to its trading partners.

The third factor is financial sector convergence aimed at creating a new dynamic for capital mobility across the region. The integration of capital markets, including stock and bond markets across the region holds much potential for matching projects with the type of financing that they require. Sustained, appropriate financing for the region's small and medium enterprises is essential to unlocking their ability to upgrade the quality of the goods and services to penetrate export markets.

A related factor is the boosting of intraregional trade and investment, especially foreign direct investment to facilitate production restructuring. This requires a strategy to incentivise private investment in these activities. Governments could help underwrite some of the risks by pursuing smart, strategic public private partnerships including in such areas as regional infrastructure. Perhaps most importantly however, is the governments' role in improving the business climate for investment by enhancing the quality of public administration, upgrading statistical and information systems and making it easier to start-up and wind down business enterprise.

The subregion also needs an integrated strategy to improve energy efficiency and to transition to 'green energy' as a key pillar of a green growth strategy. Given its size and possibilities, the Caribbean will need to consider implementing the reforms necessary so that it could position

itself as the **first 'green region' in the world**. This could be complemented by a careful harnessing of the **blue economy** based on the region's marine resources.

Convergence in the previous areas needs to be complemented by the creation of an integrated labour market across the wider Caribbean. Here a radical programme of labour mobility is required, supported by a region-wide labour market information system to inform on demand and supply gaps in specific skills and professions. This should be supported by portable social security, pension and other benefit schemes and harmonised labour standards, to guarantee decent work across the subregion.

Distinguished representatives, such a new economic strategy would need to be complemented by a reformed political framework, identifying the role, function and capacity of the state and its interactions with the private sector and civil society. Fundamentally, this demands getting the balance right between the role of the state and the market. This would require a pragmatic rethinking, since there are areas that border on the traditional role of the market, including some aspects of productive activity where the state might need to play a role. Even more importantly, a reformed political economy demands **social transformation**. This would demand tackling three big issues.

The first is the need to create the conditions for **citizens** to realise their full potential. This is a longer term goal, which requires higher investment in education and training. This should be underpinned by systems for life-long learning and upgrading of skills to keep up with the demands of technological change.

The second is the need to **strengthen social capital** in the subregion. This could be facilitated by devolution of responsibilities matched by accountability checks to local communities. There is also need for robust systems for social dialogue and interaction among different social groups to harmonise interests around a common vision of development.

Third is the need for innovative programmes and measures to **tackle social dysfunction, including crime, deviance and marginalisation**. Creative crime prevention programmes which invest in and rescue at risk youths must be matched by improved detection and prosecution of criminals.

In addition to these issues, progressive structural change also means addressing **environmental issues**, particularly the devastating impact of climate change. We know that the Caribbean stands to bear some of its harshest effects. Among these are the likelihood of more intense and extreme hurricanes, more severe droughts in some islands, significant coral bleaching with attendant effects on the tourism sector and increased water scarcity in an already water scarce subregion. So what can the subregion do to tackle this challenge?

First, a structured effort should be made to transition to a green growth model. This could be built on a platform of energy efficiency including wind, solar and geothermal among other sources and the development of green economic activities in tourism, industry and other services. We at ECLAC are prepared to help in a number of ways. Within our mandate, we will continue to provide **research and technical support** for implementation of UN agreements and processes and intergovernmental cooperation.

Importantly, we will shortly convene an inter-agency task force to guide the way forward in advancing our debt for climate change initiative. We truly hope this initiative would be met with the favour of major creditors and governments so that we can open an avenue for providing debt relief for overburdened Caribbean economies, while freeing up resources for investment in green industries to accelerate the transition to a green economy in the Caribbean.

Distinguished representatives, the idea of pursuing the sustainable development goals within the framework of progressive structural change is an important start of the debate to chart a new course for Caribbean development. It acknowledges external constraints, but at the same

time challenges the region to come up with indigenous solutions. Let us use it for a wider discussion on the way forward for the Caribbean.